UK Cities Energy Systems

Simon Osborn

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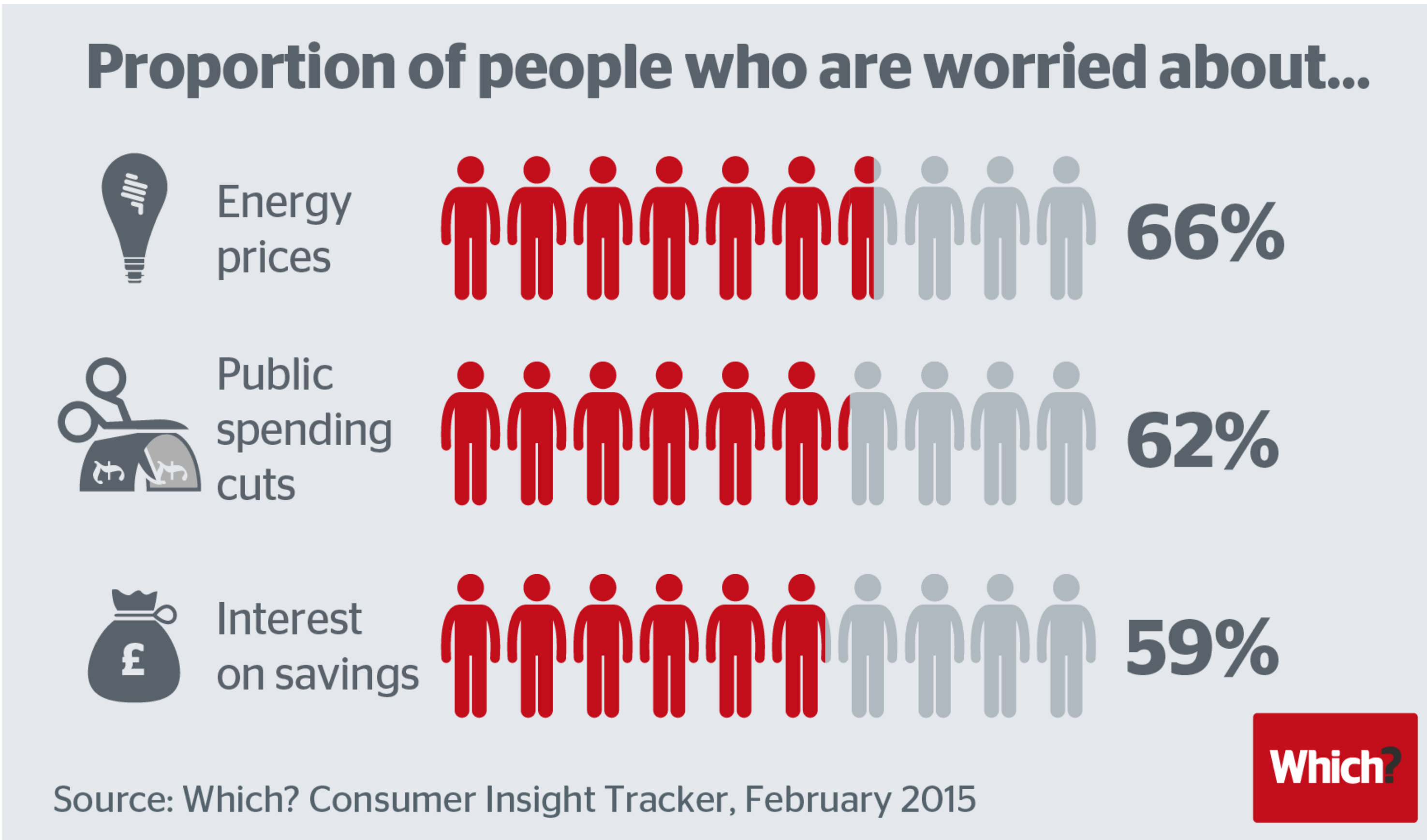
Energy prices are the top consumer concern

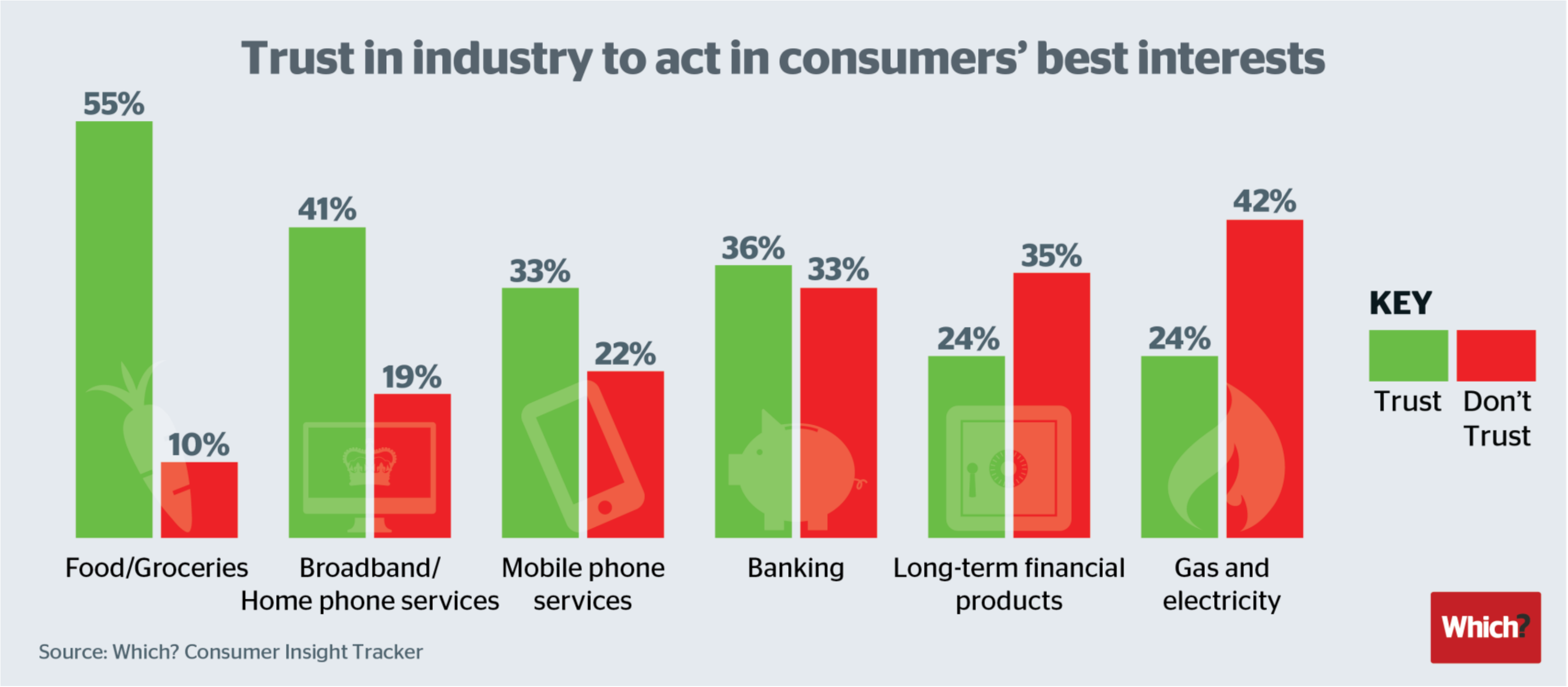
Which?

- Consumer concern about essential prices has fallen in the last year
- But energy prices remain the top concern at 66% (down from 77% last year)



Trust in the energy market is low

- The energy sector is the least trusted sector, bar car dealers
- Being ‘profit driven or greedy’ is the top reason for lack of trust



Municipal/community energy

Which?

- 32% of consumers believe a ‘local supplier conducting a community energy project’ would be more likely to give a fair deal, cf small energy retailer 25%, large energy retailer 11% (Yougov for Ovo, 2014)
- New models emerging: eg Ovo Communities/Cheshire East Council - Fairerpower , £948 dual fuel average. Others launching soon.
- Heat networks - all consumers should be protected and have heating that is suitable for their home
- Welcome Ofgem discussion paper on non-traditional business models
- Offers decarbonisation opportunities – Which? supports low-carbon transition at acceptable cost to the consumer
- Offers energy efficiency/DSR opportunities - eg working with local, area-based schemes

Benefits of locally provided services

Which?

- Energy efficiency - a locally-led, area-based approach deserves far more policy emphasis and resource:
  - Local knowledge on homes and residents – targeting, engagement
  - More consumers would trust an energy efficiency scheme endorsed by the council than any other organisation:
    - 63% council, 61% community group, 52% energy supplier.
  - Local authorities, housing
  - Local partnerships, area-based – economies of scale
- Smart meters – need for greater co-ordination e.g. around flats and high-rises. Housing associations, local authorities, community groups could play useful role including with consumer engagement.

Which? district heating research

- To be published 31 March – let me know if you would like to be added to the distribution list

- Unregulated and unlicensed, lack of data on consumer bills and satisfaction
- Which? conducted focus groups and interviews, and reviewed price data for c. 80,000 customers (50+ schemes)
- Consumer bills – variable, some paying more than standard tariff gas and elec, no ongoing monitoring of efficiency
- Long-term contracts – 30-40 yrs +, no switching

- We'd like to see:
  - Better reporting, clearer bills
  - Improved complaints handling, ombudsman coverage
  - Does voluntary consumer protection scheme goes far enough?
  - Review for fair pricing: price caps, opt-outs?

Key themes/questions

Which?

Themes

- Energy is an essential service: consumers still deserve effective protection and fair and transparent pricing
- Accurate claims, clear communication, good complaints handling.
- Local schemes should aim to integrate with energy efficiency, smart meter rollout etc

Questions

- How to ensure affordability? How will consumer bills compare across different models and vs ‘standard’ model?
- How to ensure transparency around price and Ts & Cs?
- How to ensure consumer protection - is regulation needed, how much?
- How can local authorities/municipal schemes be helped to ensure they are working in the best interests of consumers?